



# AUC

Alberta Utilities Commission

## **ATCO Electric Ltd.**

**Sale and Transfer of Greenlawn  
Rural Electrification Association Ltd.**

**October 27, 2011**

**The Alberta Utilities Commission**

Decision 2011-428: ATCO Electric Ltd.

Sale and Transfer of Greenlawn Rural Electrification Association Ltd.

Application No. 1607748

Proceeding ID No. 1493

October 27, 2011

Published by

The Alberta Utilities Commission

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## **1 Introduction**

1. ATCO Electric Ltd. (ATCO), by Application No. 1607748 registered on October 7, 2011, applied to the Alberta Utilities Commission (AUC or the Commission) on behalf of the Greenlawn Rural Electrification Association Ltd. (Greenlawn REA) for approval of the sale of Greenlawn REA assets and the transfer of its customers to ATCO pursuant to sections 25, 27, 29 and 32 of the *Hydro and Electric Energy Act*.
2. Greenlawn REA is the operator of an electric distribution system in the Dewberry, Alberta area. The current service area boundary for the Greenlawn REA was approved on November 21, 1984, by way of Approval No. HE 77114D.
3. Greenlawn REA held a special general meeting on June 21, 2011, where a quorum of its registered members was present to vote on the proposed sale of its assets to ATCO. The members voted in favor of the sale and transfer of the Greenlawn REA electrical facilities and related land rights. The terms and provisions of the sale were outlined in the asset purchase agreement, titled “Memorandum of Agreement” dated June 21, 2011, between Greenlawn REA and ATCO. The effective date of the sale would be January 15, 2012.
4. On July 19, 2011, the Director of Rural Electrification Associations for the province of Alberta approved the resolution of Greenlawn REA dated June 21, 2011 which, among other things, included the transfer of the assets and undertaking of the Greenlawn REA to ATCO pursuant to the “Sale of Distribution System and Termination of Services Agreement”.
5. ATCO notified the Commission that Greenlawn REA agreed to sell its undertakings and facilities and to transfer its customers to ATCO. The substance of the agreement is that Greenlawn REA will discontinue the operation of its electrical distribution system after the transfer of the assets and customers to ATCO.
6. The purchase price negotiated between ATCO and the Greenlawn REA was \$4,522,521. The agreement also stipulated that any monies from customer contributions to construction costs of Greenlawn REA will be transferred to ATCO on the closing date.
7. ATCO noted in the application that the sale of the Greenlawn REA was the result of a voting decision by the membership of the Greenlawn REA and was not forecasted in ATCO’s 2011-2012 General Tariff Application.

8. Since the members of the Greenlawn REA voted in favor of the transfer of assets and customers to ATCO and due to the nature of the application, a notice of application was not issued. Therefore, a hearing was not required as the Commission considered that its decision or order would not directly and adversely affect the rights of a person pursuant to Section 9 of the *Alberta Utilities Commission Act*.

## 2 Findings

9. Under Section 32(1) of the *Hydro and Electric Energy Act*, the service area of an electric distribution system may not be altered without approval of the Commission. Section 32(1) of the *Hydro and Electric Energy Act* states:

Rural electrification association

32(1) If a rural electrification association

(a) under any order made under section 29,

(i) has the size of its service area reduced, or

(ii) ceases to operate in a service area or part of it,

or

(b) on being authorized under section 30 to do so, discontinues the operation of its electric distribution system,

the Commission may, when in the Commission's opinion it is in the public interest to do so and on any notice and proceedings that the Commission considers suitable, by order transfer to another person the service area or part of it served by the rural electrification association.

10. Since the Greenlawn REA and ATCO have entered into an agreement for sale on a voluntary basis and the Director of Rural Electrification Associations pursuant to *Rural Utilities Act*, the Commission is satisfied that the sale is in the public interest in accordance with Section 32 of the *Hydro and Electric Energy Act*.

11. The terms of the agreement provide for a nominal purchase price of \$4,522,521 for the assets and transfer of the Greenlawn REA's customers to ATCO. In addition, pursuant to clause 5 of Greenlawn REA's and ATCO's Memorandum of Agreement, any customer contributions to cost are to be transferred to ATCO. The Commission is not making any comment on the prudence of the purchase or the values at which the assets are to be incorporated into ATCO's rate base. This prudence review will be a part of ATCO's next annual rates application filing with the Commission.

## 3 Decision

12. Pursuant to Section 32 of the *Hydro and Electric Energy Act*, the Commission approves the sale of the Greenlawn REA assets and the transfer of its customers to ATCO.

13. Pursuant to Section 30(1) of the *Hydro and Electric Energy Act* the Commission grants the discontinuance of the Greenlawn REA, as set out in the Appendix 1 – Discontinuation of Distribution System – Approval No. U2011-353 – October 27, 2011, to Greenlawn REA (Appendix 1 will be distributed separately).

14. The Commission rescinds REA Approval No. HE 77114D as of 12:00 Noon on January 15, 2012.

Dated on October 27, 2011.

**The Alberta Utilities Commission**

*(original signed by)*

Tudor Beattie, QC  
Commission Member